

**CITY OF EL PASO, TEXAS**  
**AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Community and Human Development

**AGENDA DATE:** September 13, 2005 (BT 2006-005).

**CONTACT PERSON/PHONE:** Nathalie M. Prise, Director 541-4241

**DISTRICT(S) AFFECTED:** All

**SUBJECT:**

**APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.**

City Council is asked to approve a \$1,000,000 budget transfer from the Community Development Block Grant (CDBG) Housing Revolving Loan Fund (RLF) to set up the appropriation to fund a portion of the City's First Time Home Buyer Program in 2005-2006.

**BACKGROUND / DISCUSSION:**

**Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?**

This budget transfer involves estimated revenue generated by existing CDBG housing loans and will create an appropriation for the First Time Home Buyer Program in order to fund on-going expenditures throughout this fiscal year.

Financial analysis was performed on the revolving loan fund at fiscal year end. It was then determined that there was excess revenue that could be appropriated per HUD and utilized in accordance with the Workout Plan which the City is required to follow in order to correct a HUD finding about the City's CDBG expenditure rate. AmeriNational, the City's loan servicing agency, has been successful in increasing RLF revenues (for owner-occupied rehab, investor-owned rehab and FTHB loans) through efficient loan collection and record-keeping. However, these payback funds need to be expended in an equally efficient and timely manner or, unspent, they affect the City's expenditure rate. As of July 1, 2005, the City failed by \$1.1 million to meet the HUD required expenditure level for CDBG, and approximately \$446,000 of that total was unspent program income from the loan paybacks.

Processing this budget transfer will provide a means for charging FTHB loans to the CDBG RLF and thus spend all the CDBG program income rather than having it accumulate and adversely affect the City's disbursement rate. Using the CDBG payback funds for the FTHB loans, at \$20,000 per loan, is the most efficient and effective means to spend these funds. The City funds approximately 200 FTHB loans per year, and either CDBG or HOME funds may be used for the loans. HOME funds are available for the balance of the FTHB loans that will be issued next year.

**PRIOR COUNCIL ACTION:**

**Has the Council previously considered this item or a closely related one?**

The FTHB Program has been funded, through CDBG and HOME, by City Council for 12 years.

**AMOUNT AND SOURCE OF FUNDING:**

**How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?**

Funding source is Community Development Block Grant Program Income from the Housing Revolving Loan Fund. The funds are derived from payback from existing housing program loans (for owner-occupied rehab, investor-owned rehab and FTHB loans), and as part of a revolving loan fund, are intended to be used for issuance of additional loans.

**BOARD / COMMISSION ACTION:**

**Enter appropriate comments or N/A**

None required.

**\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\***

**LEGAL:** (if required)

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**FINANCE:** (if required)

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**DEPARTMENT HEAD:**

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(Example: if RCA is initiated by Purchasing, client department should sign also)

*Information copy to appropriate Deputy City Manager*

**APPROVED FOR AGENDA:**

**CITY MANAGER:** \_\_\_\_\_ **DATE:** \_\_\_\_\_